

May 1, 2013

Board of Trustees
City of Sanibel
General Employees' Retirement Plan
800 Dunlop Road
Sanibel, FL 33957-4096

Re: City of Sanibel
General Employees' Retirement Plan
Gain/Loss Analysis

Dear Board:

As requested at the February 18, 2013 Board meeting, please find attached details regarding the increase in the Unfunded Actuarial Accrued Liability (UAAL) as reported in the October 1, 2012, Actuarial Valuation Report.

Also as requested, below is a summary of topics discussed at the February meeting:

- Recommend Dollar Funding methodology beginning with the October 1, 2013 valuation. This will eliminate increases to the Unfunded Actuarial Accrued Liability due to "funding lag" associated with a decreasing payroll.
- Recommend projecting mortality to the Valuation Date, or perhaps utilization of a Fully Generational mortality assumption. This will reduce future losses associated with longer life expectancy.
- Consider a more conservative turnover assumption, e.g. no turnover assumed for the Opt-Out membership, and a reduction in rates assumed for those participating in the ongoing Plan.

If you would like to discuss any of the above items in advance of next week's meeting, please feel free giving me a call.

Respectfully submitted,

Foster & Foster, Inc.

A handwritten signature in cursive script, appearing to read "Douglas H. Lozen".

By: _____

Douglas H. Lozen, EA, MAAA
Enrolled Actuary #11-7778

DHL/ike

Enclosure